

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Manhattan Bancshares, Inc. / First Bank of Manhattan

Point of Contact:	John E. Kramer	RSSD: (For Bank Holding Companies)	1206603
UST Sequence Number:	895	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,639,000	FDIC Certificate Number: (For Depository Institutions)	3702
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Manhattan
Date Repaid <sup>1</sup> :	N/A	State:	Illinois

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Total loans outstanding declined during the period. In an effort to stabilize asset quality the bank worked to reduce exposure to commercial real estate. As outlined below significant lending activity continued throughout the period.

☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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☐ Increase securities purchased (ABS, MBS, etc.).

☒ Make other investments.

Short term investments in interest bearing accounts with banks increased by \$4.3 million in 2010.

☒ Increase reserves for non-performing assets.

As local and national economic activity continued to decline the bank added reserves in recognition of declining asset quality.

☐ Reduce borrowings.

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☒ **Increase charge-offs.**

Charge – offs increased as economic conditions continued to decline.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☒ **Held as non-leveraged increase to total capital.**

Increasing total capital through CPP strengthened our already solid capital ratios. The additional capital provides a cushion against further stress in the bank's commercial real estate portfolio.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Although total loans outstanding declined during the period in question lending activity remained brisk. Activity during the period includes:1) Origination of \$ 4,183,417 in loans for the purchase of single family residences2) Origination of \$15,263,434 in loans to refinance single family residences3) Origination of \$1,275,000 in loans to allow a not for profit organization to refinance and expand their facilities4) Origination of \$1,220,023 in loans to facilitate the purchase of farm land

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.